

SALES TAX

The City of Mountain View receives 1.0 percent of every sales dollar subject to sales tax. During the past decade, industrial businesses have produced a larger share of sales tax revenue. However, last fiscal year, with the decline in the technology sector, retail became the largest producer of sales tax for the City.

SALES TAX SOURCES

- Retail sales of tangible personal property to individuals and other businesses
- Use and excise taxes on business consumption of personal property
- State and County pooled sales tax allocated by population

ECONOMIC FACTORS

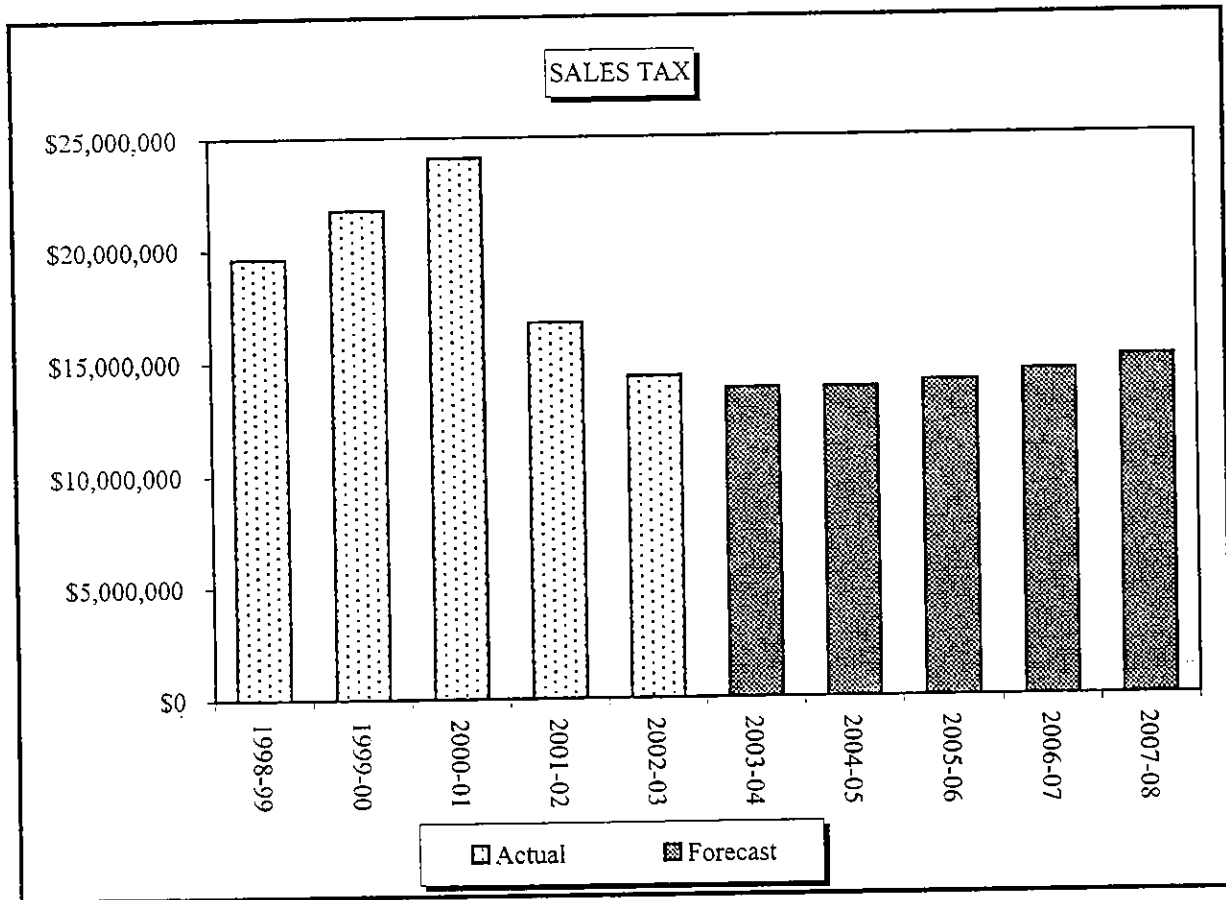
- Business expansions or relocations
- State of the economy
- Purchasing patterns
- State Board of Equalization allocation decisions
- Level of business-to-business sales
- Technological changes

HISTORY

Over the past decade, sales tax has been an extremely volatile revenue source. It dropped 9.3 percent in Fiscal Year 1990-91, almost doubled over the next six fiscal years, fluctuated for the next several fiscal years and reached an all-time record of \$24.1 million in Fiscal Year 2000-01. These variations occur as businesses move in and out of the City, companies modify reporting and/or sales methods and the economy changes.

FORECAST

Fiscal Year 2003-04 includes a 3.9 percent decrease compared to the Fiscal Year 2002-03 unaudited, reflecting a continued slowdown in the Bay Area economy and the known relocations of businesses outside of Mountain View.



<u>Fiscal Year</u>	<u>Annual Revenues</u>	<u>% Change</u>
1998-99	19,615,000	(9.9%)
1999-00	21,787,000	11.1%
2000-01	24,108,000	10.7%
2001-02	16,715,000	(30.7%)
2002-03 *	14,328,000	(14.3%)
2003-04 **	13,772,000	(3.9%)
2004-05	13,772,000	0.0%
2005-06	14,050,000	2.0%
2006-07	14,472,000	3.0%
2007-08	15,051,000	4.0%

* Unaudited

** Adopted

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